Volume Profile Trading
Advanced Continuation

Building on Episodes 1-3, this advanced course introduces the A/B/C setup classification system, three-factor analysis deep dive, confluence stacking methodology, session-specific strategies, and practical discretionary trading skills. Master the art of transforming objective volume profile levels into high-probability trading decisions through structured practice and proven frameworks.

Setup Classification | Confluence Stacking | Discretionary Skills

Setup Classification System: Why It Matters

Not all level touches are created equal—classify setups to set proper expectations, risk parameters, and execution style

We don't treat all touches equally. By classifying setups into A, B, or C grades, you gain clarity on how aggressive to be, what risk to take, and when to step aside entirely.

A-Grade Setups

Trend aligned + level history + strong rejection → Act fast with confidence. Enter aggressively on next candle.

B-Grade Setups

Trend against + level history + rejection present → Wait for confirmation. Enter after impulse or structure break.

C-Grade Setups

Missing context or weak reaction → Skip entirely. Protect your statistics and wait for better opportunities.

Outcome

Fewer forced trades, clearer behavior at entries, and improved risk management. You'll know exactly how to approach each level touch.

A-Grade Setup

Enter aggressively: All factors aligned—trend with you, level has proven history, strong rejection candle. Stop tight, target structure.

B-Grade Setup

Wait for confirmation: Trend currently against you but level has history. Enter after impulse move away or micro break of structure. Wider stops.

C-Grade Setup

Skip entirely: First touch with no history, unclear trend, weak candles, or mid-air entry. These setups fail more often—preserve capital.

A-Grade Setups (Aggressive Entries)

High-confidence setups with all factors aligned—enter aggressively with tight stops and clear targets

Visual Traits

- **1-min trend aligned:** Higher highs/lows for longs; lower highs/lows for shorts. Price moving in your direction.
- **Level respected multiple times:** Documented bounces or clear role reversal from previous sessions.
- **Strong rejection candle:** Long lower wick for longs, upper wick for shorts. Decisive price action at zone.

Execution Framework

Entry
Next candle open or limit order in zone

Stop Loss
Beyond zone + structure with breathing room

Target
Nearest structure in trend direction

Live Example: Long at PD-VAL

This actual trade example shows a classic A-Grade setup at the Previous Day Value Area Low (PD-VAL). Notice the bullish BOS (Break of Structure) confirming trend alignment, the clear rejection wicks at the white PD-VAL line..

↑ Entry: PD-VAL | PD-POC: Target | ✕ Stop: Below Low

B-Grade Setups (Confirmation Required)

Moderate-confidence setups with conflicting signals—wait for confirmation before entering with wider stops

Visual Traits

- **Trend currently against trade idea:** Micro-trend is counter to your intended direction. Requires patience.
- **Level has history of reaction:** Previous bounces or role reversals documented, but trend conflict exists.
- **Initial wick/rejection present but not decisive:** Some reaction at level but lacking conviction or strength.

Confirmation Triggers (Pick One)

- **Strong move away:** Impulse close from zone showing decisive rejection
- **Micro BOS:** Break of minor swing structure in direction of trade
- **FVG fill + continuation:** Fair value gap retracement followed by resumption (optional)

Entry after trigger fires. Use wider stop to accommodate potential retest of zone. Treat as lower conviction than A-Grade setups.

↓ Entry: After confirmation

✕ Stop: Wider, above swing

🏁 Target: Structure low

C-Grade Setups (Skip)

Protect your trading statistics by avoiding setups with missing context, weak reactions, or insufficient confluence

These setups lack the necessary elements for high-probability trading. Discipline to skip preserves capital and maintains statistical edge.

No Level History

First touch with no prior reactions + no confluence from other levels. Unknown behavior zone.

Unclear Trend / Chop

Flat or directionless 1-min structure. Overlapping candles with no clear higher-highs/higher-lows pattern.

Weak / Indecisive Candles

No clear rejection wicks. Doji candles or small bodies with no decisive price action at the zone.

Mid-Air Entries

Price far from any major volume levels (VAH/VAL/POC/HVN). Trading in no-man's land between zones.

Golden Rule

Protect your statistics—PASS on these setups. Wait for A or B-Grade opportunities with proper confluence.

Common C-Grade Scenarios

- Choppy range no structure
- First touch untested level
- Tiny wicks indecision

Three-Factor Analysis: Overview

Every trade decision is built on three objective factors—combine them for data-backed entries at volume profile levels

Before entering any trade at a volume profile level, assess these three critical factors. Each provides independent confirmation, and together they determine your setup quality (A, B, or C grade).

Factor 1: What Previously Happened at the Level?

Examine the level's history. Has it bounced multiple times? Did it flip from resistance to support (or vice versa)? Strong history = higher probability reaction.

Factor 2: What's the 1-Minute Trend?

Simple left-to-right screen read. Are we making higher highs and higher lows (bullish)? Lower highs and lower lows (bearish)? Trend alignment dramatically improves odds.

Factor 3: Do We See Clear Rejection Candles?

Look for decisive wicks away from the zone, engulfing candles, or strong closes in your direction. Weak dojis and indecision = skip or wait for more.

Key Principle: The higher the confluence of all three factors, the faster and larger you can size within your risk management plan. Never trade on just one factor alone.

Combining Factors for Decisions

1. **Level History:** Multiple bounces, proven reactions
2. **Trend Alignment:** 1-min structure supports direction
3. **Rejection Candles:** Clear, decisive price action

=

High-Probability Setup
Data-Backed Entry Decision
Clear Risk/Reward Parameters

Next Steps: In the following slides, we'll break down each factor in detail with visual examples and practical guidelines for reading them in real-time.

Factor 1: Level History (The Market's Memory)

Understanding what previously happened at a level is crucial—the market has memory, and patterns repeat

Before entering any trade at a volume profile level, assess its history. How the market reacted previously gives you critical insight into likely future behavior.

NEAR-MISSES COUNT!

Price **within 2-3 ticks (ES)** or **4-6 ticks (NQ)** showing rejection is actively respecting the level. Reinforce the "zones not lines" mindset when checking history—don't demand a perfect touch to validate a level.

Rejections

How many clean bounces occurred at this level? Multiple decisive rejections = stronger level with higher probability of repeat behavior.

Break & Flip

Did prior resistance become support (or vice versa)? Role reversals confirm the level's significance and institutional interest.

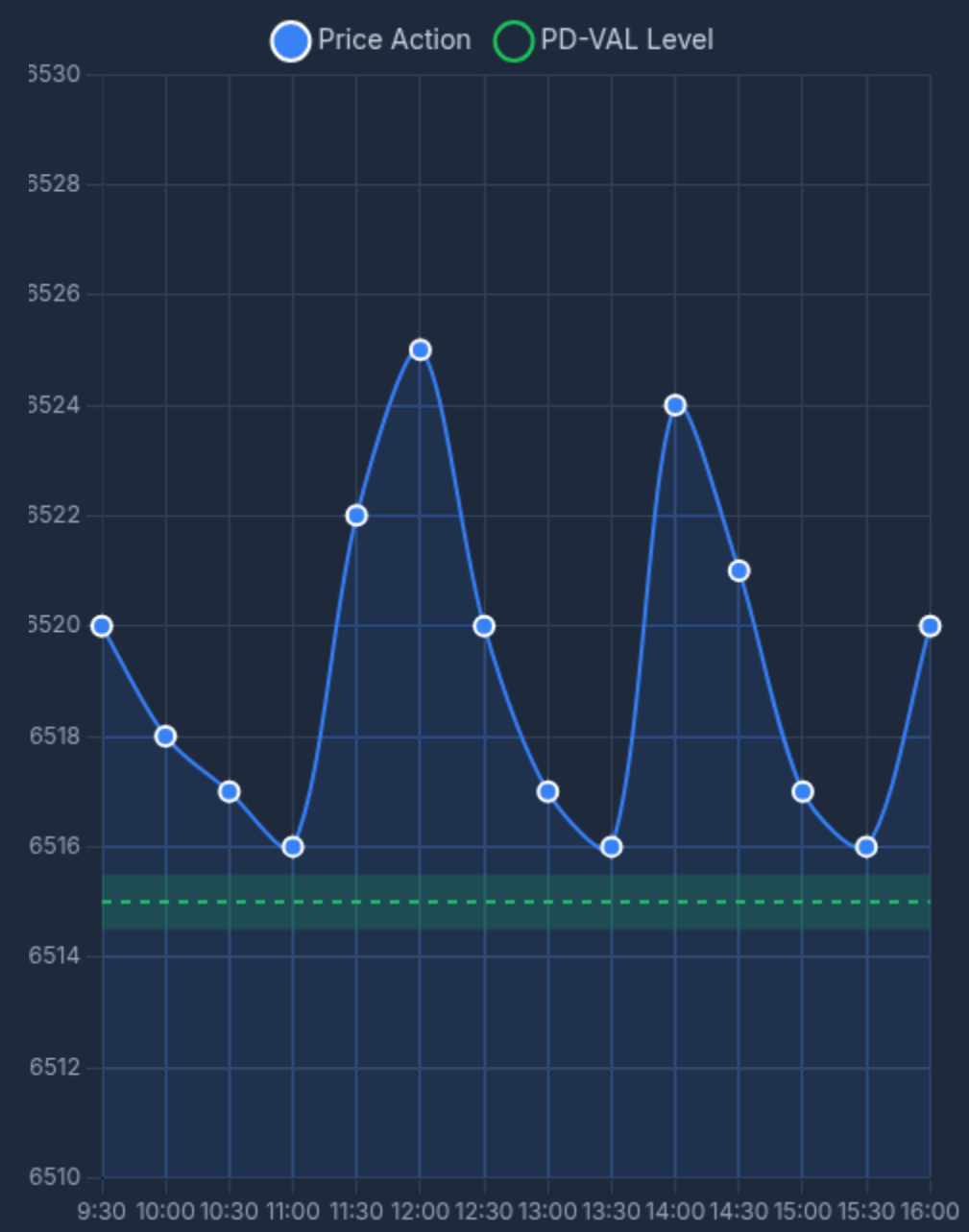
Who Defended Last Visit?

Were buyers or sellers in control? Understanding who dominated the last interaction helps predict likely behavior on the next approach.

Common Mistake

Treating every touch as equal. Not all level touches carry the same weight. Repeated, decisive rejections matter far more than a single weak bounce or first-time touch with no history.

Example: Repeated Rejections at PD-VAL Zone



Factor 2: Trend Definition (Keep It Ultra-Simple)

The 10-second check on 1-minute chart—no higher timeframes required for entry logic

VISUAL SIMPLICITY RULE

1-Minute Chart ONLY. No daily bias needed. No 4-hour analysis. If it's confusing, simplify: Is price moving left-to-right UP or DOWN?

Stop overcomplicating trend analysis. On your 1-minute chart, simply observe which direction price is traveling across your screen. That's your trend for trade execution.

Left → Right UP: Bullish

If price is traversing from the bottom-left to top-right of your screen, you're in a bullish 1-minute trend. Look for long setups at levels.

Left → Right DOWN: Bearish

If price is traversing from the top-left to bottom-right of your screen, you're in a bearish 1-minute trend. Look for short setups at levels.

⚠ Common Mistake

Overcomplicating bias with conflicting higher timeframes. Don't check daily, 4H, or 1H charts for your 1-minute entry decisions. Keep it simple—what's happening right now on 1-minute?

The 10-Second Visual Check

BULLISH 1-MIN TREND

Price moving left → right UPWARD
Higher highs & higher lows forming
Action: Look for longs at VAL/POC

BEARISH 1-MIN TREND

Price moving left → right DOWNWARD
Lower highs & lower lows forming
Action: Look for shorts at VAH/POC

Key Principle: We ONLY look at 1-minute chart structure for volume profile entries. No need to analyze multiple timeframes—that creates confusion and delays action. Trust the immediate market direction in front of you.

Factor 3: Rejection Candles & Triggers

Read price action at volume levels to identify decisive rejections and optimal entry points

Rejection candles reveal the battle between buyers and sellers at critical volume levels. Look for decisive wicks, engulfing patterns, and clear directional momentum away from the zone.

Long Lower Wicks

Buyers aggressively defending the level. Price pushed down but closes near highs. Strong bullish signal.

Long Upper Wicks

Sellers rejecting higher prices. Price pushed up but closes near lows. Strong bearish signal.

Bullish Engulfing

Large green candle completely engulfs prior red candle. Decisive shift to buyer control at zone.

Bearish Engulfing

Large red candle completely engulfs prior green candle. Decisive shift to seller control at zone.

Impulse Away

Strong directional candle closing away from zone. Clear momentum indicating level respect.

Avoid: Tiny Dojis

Small bodies with minimal wicks. Indecision signals weakness—not a valid rejection pattern.

Entry Triggers

A-Grade: Enter next candle open after strong wick/engulfing. **B-Grade:** Wait for impulse close away from zone or micro break of structure in your direction. **Common Mistake:** Entering on tiny dojis during choppy conditions.

Three-Factor Decision Matrix

Score each factor 0-2 to classify setup quality and determine appropriate execution approach

Factor Scoring (0-2 each)

1. Level History	0	1	2	None / Some / Strong
2. 1-Min Trend	0	1	2	Against / Neutral / Aligned
3. Rejection Candles	0	1	2	Weak / Mild / Decisive

Total Score

0-6

Maximum Possible

Setup Classification Guidance

5-6

A-Grade Setup

Enter aggressively per plan. High confidence, tight stops, structure targets.

3-4

B-Grade Setup

Wait for confirmation. Enter after impulse or BOS. Wider stops.

≤2

C-Grade Setup

Skip entirely. Insufficient confluence. Protect your statistics.

Note: Scores guide behavior, not guarantee outcomes. Use this framework to maintain consistency and discipline across all setups.

Technical Setup Recommendations

Optimal configuration for this course's specific methodology—flexibility exists, but precision matches our examples

Platform Configuration

- **TradingView Essential (Recommended)**
  Provides the specific customizable tools used here
- **Free Alternatives Exist**
  VP works on other platforms, but levels may vary

Chart Data Source

- **Course Focus: Futures (ES/NQ)**
  Our examples use standardized institutional volume
- **Versatile Methodology**
  Concepts apply to Forex/Crypto (volume data differs)

Data Feed Quality

- **Real-Time CME Data (Optimal)**
  Best for live execution accuracy
- **Delayed Data OK for Practice**
  Fine for learning concepts without subscription cost

Timeframe Strategy

- **1-Minute Timeframe**
  Recommended for drawing course-aligned profiles
- **Context Freedom**
  Use higher timeframes for trend/major levels

OPTIMAL COURSE SETTING

1000

Row Size Setting

For your levels to match our examples exactly, we recommend setting Row Size to 1000. Other settings work but yield different zones.

1. Double-click Fixed Range Volume Profile tool
2. Inputs Tab → Row Size → Type "1000"

Recommended Timezone New York (UTC-4/5)

Levels Are Zones, Not Laser Lines

Expect retests and near-misses—accept 2-3 tick buffers to avoid missing high-probability setups

Wrong Mindset

Demanding exact touches

Correct Mindset

Zone-based approach

Exact Price Requirement

"VAL is exactly at 6515.25. Price MUST touch it perfectly or the setup is invalid."

- ✗ Insisting on perfect level touches
- ✗ Missing setups that come within 2-6 ticks
- ✗ Ignoring reaction just because price didn't touch line
- ✗ Frustration from "almost" setups that work without you

Acceptable Zone Buffer

"VAL zone is 6515.00-6515.50. Price approaching this area with reaction counts as valid."

- ✓ Accept 2-6 tick buffer around the level (ES/NQ)
- ✓ Volume distributes across prices, not single prints
- ✓ Focus on reaction behavior, not exact touch
- ✓ Capture more A-Grade setups with this flexibility

Key Principle: If price comes within 0.05% of the level and shows clear reaction, that's close enough. Think zones with halos, not laser-precise lines.

Zone Width Guidelines

Practical buffer ranges for different instruments and timeframes—stop demanding exact touches

Volume profile levels work best when treated as zones rather than precise lines. Here are suggested buffer ranges to allow for natural price fluctuation while maintaining setup validity.

ES (S&P 500) 1-Minute

2–3 ticks around VAH/VAL/POC. This accounts for normal price oscillation and wicking behavior near volume levels.

NQ (NASDAQ) 1-Minute

4–6 ticks buffer. NQ has higher volatility and wider spreads, requiring larger zones to capture valid reactions.

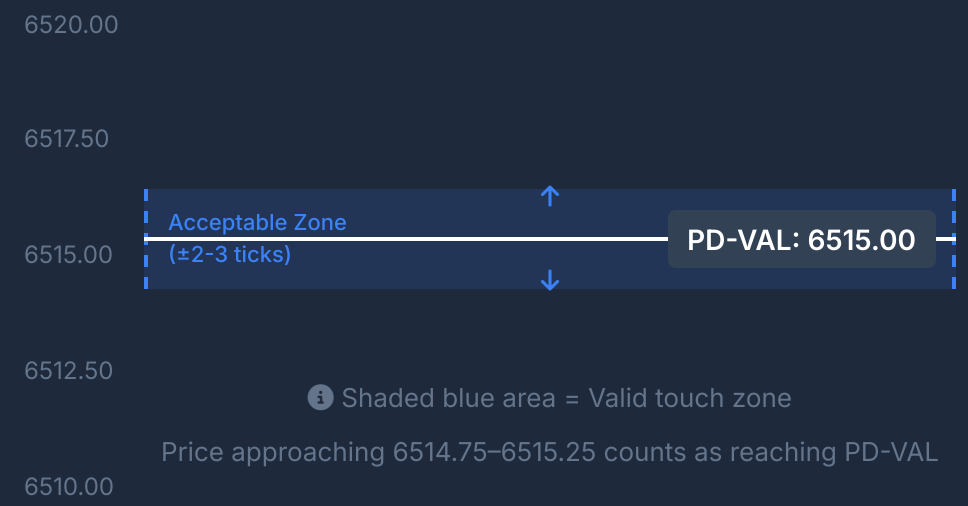
Weekly Levels vs. Daily/Session

Allow a **wider halo** for weekly levels compared to daily or session levels. Higher timeframe levels have more "gravitational pull" over broader price ranges.

Pro Tip

Use shaded zone boxes on your charts to visualize acceptable touch areas. This prevents obsessing over exact price matches and helps you recognize valid "near" touches that count as A-setups.

Zone Shading Around PD-VAL (Visual Example)



Shaded blue area = Valid touch zone

Price approaching 6514.75–6515.25 counts as reaching PD-VAL

Stop Loss Mastery: Cover the Level with Room

Proper stop placement is the difference between surviving retests and getting prematurely stopped out of winning trades

The core principle: **Stops should survive a 'double-tap' of the zone.** Don't place your stop directly on the level—place it beyond the zone with breathing room behind nearby structure.

Survive the Double-Tap

Volume profile levels aren't exact price points—they're zones. Price often retests these zones before moving in your direction. Your stop must survive these retests.

Don't Place Stop ON the Level

Placing your stop directly at VAH, VAL, or POC is asking to get wicked out. The level needs room to breathe—stops placed exactly on levels get hunted constantly.

Place Beyond Zone + Behind Structure

Identify the nearest swing high/low that contains the zone, then place your stop beyond that structure. This gives the trade room while still defining clear invalidation.

Think in Zones, Use Structure

Levels are zones, not laser lines. Use nearby market structure (swings, consolidation edges) to protect your stop while accounting for typical level behavior.

The Double-Tap Test

Ask yourself: "If price comes back to tap this level twice, will my stop survive?" If the answer is no, move it wider.

- ✓ Stop beyond the zone (2-3 ticks for ES, 4-6 for NQ)
- ✓ Stop behind recent swing that contains the level
- ✓ Account for typical retest behavior
- ✓ A-setups: slightly tighter (trend aligned)
- ✓ B-setups: wider (anticipate confirmation retest)

Psychology: Reduce Premature Exits

Proper stop placement dramatically reduces the frustration of being "right but stopped out." When your stops survive natural retests, you stay in winning trades longer and avoid the emotional damage of unnecessary losses. This builds confidence and trust in your strategy.

Structure + The Double-Tap Test

Systematic workflow to place stops that survive retests while protecting against true invalidation

STOP LOSS PLACEMENT WORKFLOW

1 Mark the Zone

Convert line to band. VAL/VAH/POC become zones with 2-3 tick buffer, not exact prices.

2 Identify Swing Structure

Find nearest swing high/low beyond the zone that contains the level and gives breathing room.

3 Place Stop Beyond

Stop goes past swing to survive double-tap. Level can retest twice without stopping you out.

A-Setup Stop Placement

Slightly tighter stops: Trend aligned means less retest risk. Place stop just beyond nearest swing that covers zone. Confident in directional follow-through.

B-Setup Stop Placement

Wider stops required: Trend against or neutral means higher retest probability. Place stop further beyond zone, anticipating confirmation move back to level before continuation.

Target Selection Hierarchy

Simple, consistent framework for choosing profit targets—from structure-based to fixed risk-reward

Use this three-tier hierarchy to select targets systematically. Start with the simplest approach (Level 1) and move down only when needed.

~80% DEFAULT

Level 1: Nearest Structure in Trend Direction

Target the most recent swing high (for longs) or swing low (for shorts) in the direction of your trade. This is your primary targeting method—simple, visible, and based on actual market structure. Works for the vast majority of setups.

~15% ALTERNATE

Level 2: Nearest Volume Profile Level

When structure isn't obvious or aligns with a VP level, target the nearest HVN, POC, VAH, or VAL. Volume levels act as magnets and often align with structure anyway. Use when Level 1 and Level 2 converge for high-confidence targets.

~5% FALLBACK

Level 3: Fixed Risk-Reward (1.5:1 to 2:1)

When neither structure nor VP levels provide clear guidance, use a fixed RR ratio of 1.5R or 2R. This is your emergency fallback for uncertain market conditions. Prefer Levels 1-2 whenever possible—they're based on actual market logic.

Plan Before Entry

Know your target before you execute. Consistency in target selection builds edge over time.

Quick Decision Guide

- Is there obvious structure within 5-10 points? → Use Level 1
- Structure unclear but VP level nearby? → Use Level 2
- Neither clear? → Use Level 3 (1.5-2R)
- Structure + VP level align? → High-confidence target

Target Selection Decision Tree

Simple workflow to determine take-profit targets based on available structure and levels

Q1: Is there obvious structure in trend direction within ~10 points?

YES

Target Structure

Default approach (~80% of trades). Target nearest swing high/low in direction of trade. Clean, simple, objective.

NO

Q2: Is there a nearby VP level (HVN/POC/VAH/VAL)?

YES

Target VP Level

Use volume level as magnet (~15% of trades). POC/HVN act as natural targets where price seeks equilibrium.

NO

Use Fixed RR

Fallback approach (~5% of trades). Apply 1.5:1 or 2:1 risk-reward when structure and levels are unclear.

Three Example Paths Through Decision Tree

Path 1 (Structure): Short from PD-VAH, clear recent low at 6512.75 visible → Target structure. **Path 2 (VP Level):** Long from PW-VAL, no obvious swing high but PD-POC at 6518.50 → Target POC. **Path 3 (Fixed RR):** Break-and-retest trade, no clear structure or nearby levels → Use 1.5R fixed target from entry.

Homework: Target Selection Practice

Apply the targeting hierarchy principles by identifying real examples from your own charts

Learning is active, not passive. Your assignment is to find one clear example for each targeting level from your preferred instrument (ES/NQ) over the past week of market data.

1 Find a "Level 1" Example

Identify a trade setup where the target was clearly defined by **Nearest Structure** in the trend direction.

- ✓ Swing high/low within 5-10 points
- ✓ Structure was obvious and visible
- ✓ Price reached structure before reversing

LEARNING OBJECTIVE

Recognize the most common (80%) targeting scenario using simple price action structure.

2 Find a "Level 2" Example

Locate a scenario where structure was unclear, but price was magnetized to a **Volume Profile Level**.

- ✓ Target was POC, HVN, VAH, or VAL
- ✓ Price "filled" the move to the volume node
- ✓ Volume level acted as a clear magnet

LEARNING OBJECTIVE

Understand how volume acts as gravity when price structure provides no guidance.

3 Find a "Level 3" Example

Find a choppy or breakout condition where neither structure nor VP levels were clear nearby.

- ✓ No clean swing points nearby
- ✓ No major volume nodes in immediate path
- ✓ Fixed 1.5R or 2R target was appropriate

LEARNING OBJECTIVE

Identify when to fall back on systematic math (Fixed RR) in uncertain conditions.

Confluence Stacking: What and Why

Multiple independent confirmations at a single level dramatically increase setup quality and probability of success

Confluence means multiple independent reasons converging at the same place and time. When different analytical frameworks point to the same level, your edge multiplies.

What is Confluence?

Multiple independent confirmations aligning at a single price level. Each factor should be derived from different data or logic—not just variations of the same idea.

Why It Matters

Single-factor trades work, but adding confluence significantly improves your hit rate. More confluences = higher probability = ability to size larger within your risk parameters.

Key Principle

Rank your setups by the number of independent confluences present. The more alignment, the more aggressive you can be. Fewer confluences require more caution or confirmation.

Multi-Level Alignment

Weekly POC aligning with Daily VAL, or Previous Day VAH meeting Overnight POC. Different timeframe levels converging at the same price zone.

Multi-Timeframe VP

Weekly volume profile levels confirmed by daily volume profile levels. Higher timeframe structure reinforced by lower timeframe structure.

Developing Volume + Prior Levels

Current session's developing POC shifting toward a previous day's level. Real-time volume confirming historical price interest.

Confluence Ranking

Count independent factors: **3+ confluences** = exceptional setup, **2 confluences** = strong setup, **1 factor** = standard setup. Track which combinations work best for your style.

Five High-Probability Confluences (Snapshot)

Multi-factor alignment scenarios that offer the highest probability trade setups

These confluence combinations represent scenarios where multiple independent factors align at a single level, significantly increasing setup quality and win probability.

Confluence #1

PW-POC + PD-VAL + Bullish Trend

Weekly POC (Orange) aligns with Daily VAL (White). 1-min trend bullish. Multi-timeframe support with momentum. A-Grade aggressive entry.

Confluence #2

PD-VAH + HVN + Rejection Wick

Previous Day VAH meets High Volume Node. Strong upper wick rejection. Double resistance with clear seller defense. Short setup.

Confluence #3

Overnight VAL + Session POC Shift

Overnight VAL (Blue) aligns with Current Session POC shifting toward level. Magnet effect + developing value. Real-time confirmation.

Confluence #4

LVN + Break-and-Hold + Pullback

Low Volume Node breaks decisively. Price holds above, pulls back to fill LVN gap. Momentum continuation setup with structural confirmation.

Confluence #5

VAH Flip to Support + Impulse

Previous resistance (VAH) flips to support. Strong impulse candle away from level. Role reversal confirmed with momentum follow-through.

Track Your Edge

Action Item: Log which confluence combinations work best for your trading style and session preference. Not all confluences suit all traders—refine through repetition and data. Some traders excel at multi-timeframe alignment (#1), while others prefer developing volume scenarios (#3).

Session Playbooks: London, New York, Asian

Tailor your approach to each session's unique characteristics, volume patterns, and behavioral tendencies

London Session

3:00 AM - 9:30 AM EST

Characteristics

- Builds momentum after 3am NY time
- Cleaner trends than Asian session
- Good respect of PD levels
- Moderate volatility, steady participation

Approach

- ✓ Favor PD VAH/VAL fades with trend confirmation
- ✓ Avoid 2-3am transition period if choppy
- ✓ Look for B-setups turning to A-setups post-3am

New York Session

9:30 AM - 4:00 PM EST

Characteristics

- Highest volume and liquidity
- 9:30-10am often chaotic and irrational
- Post-10am: structured moves develop
- Strong reactions at PD levels

Approach

- ✓ Wait until after 10am for quality A-setups
- ✓ Trade ranges around POC; fade VAH/VAL extremes
- ✓ Consider standing down during earnings/major news

Asian/Overnight

6:00 PM - 9:30 AM EST

Characteristics

- Lower volatility and volume
- Respects prior day/week levels well
- Range behavior more common
- See Slide 26 for detailed trading windows

Approach

- ✓ Scale position size smaller due to lower participation
- ✓ Target closer structure; avoid reaching for distant levels
- ✓ Use overnight profile for magnet levels

9:30 AM - 4:00 PM EST (Regular Trading Hours)

Session Playbook: New York

The highest volume session with institutional participation—your primary trading window for quality A-Grade setups

Characteristics

What defines NY session

Market Behavior

- Highest volume and liquidity of all sessions
- 9:30-10:00 AM often chaotic (gap fills, overnight reactions)
- Post-10:00 AM: structured moves develop with clearer trends
- Strong reactions at PD levels (VAH, VAL, POC)
- Institutional algorithms most active during RTH

Volume Profile Importance: PD levels are the MOST respected during NY session due to institutional reference

Approach

How to trade NY session

Strategy

- Wait until after 10:00 AM for quality A-Grade setups
- Trade ranges around POC; fade VAH/VAL extremes
- A-Setups at PD levels work best (high confluence)
- Look for POC-centered ranges post-10am
- Use tighter stops (liquidity allows precise entries)

Avoid: Trading during earnings releases, FOMC, or major economic data drops. Consider standing down on high-impact news days.

Homework

Find your own examples

Review charts from past week (M-F) during NY hours (9:30-4:00) & identify one example for each pattern.

Task 1: Range-to-Trend

Find consolidation (chop) after 10am that breaks out into a clean trend.

- [ ] Screenshot breakdown + breakout candle

Task 2: POC Bounces

Locate scenario where price ping-pongs between POC and VAH/VAL.

- [ ] Mark at least 2 clean touches

Task 3: ON Level Reject

Identify clean rejection at overnight level (ON High/Low) during RTH.

- [ ] Verify volume spike on rejection

Asian/Overnight Playbook: Three Trading Windows

Segmented approach for the extended overnight session to maximize efficiency

01

Early Overnight

6:30 PM - 11:00 PM EST

WAIT 6:00-6:30 PM

CONTEXT

- Initial Globex reaction + Tokyo Open
- Opening range is fresh and respected
- Moderate volume participation

APPROACH

- ✓ Trade reactions to established 30-min range
- ✓ Fade edges back to developing POC

Key Tactic

Let the first 30 mins print. If price breaks opening range and holds, follow the breakout. If it rejects range high/low, fade back to center.

02

Deep Asian

11:00 PM - 3:00 AM EST

CONTEXT

- Lowest volume/liquidity period
- Tight consolidation ranges common
- Algorithmic drift behavior often seen

APPROACH

- ✓ Optional trading window (often skipped)
- ✓ Only take A+ setups at major levels

Key Tactic

Patience is critical. Avoid over-trading the chop. Set alerts at major daily/weekly levels and ignore the noise in between.

03

London Open

3:00 AM - 9:30 AM EST

START IMMEDIATELY

CONTEXT

- European markets open = Volume spike
- Often breaks Asian session ranges
- Trend establishment for the morning

APPROACH

- ✓ No 30-min wait needed (profile developed)
- ✓ Look for Asian High/Low breakouts

Key Tactic

Use the Overnight POC as a pivot. If London opens and holds above → Bullish bias. Below → Bearish bias. Trade the expansion.

Auction Market Theory in Practice

Understanding the two fundamental market states helps you choose the right trading approach at volume profile levels

The market continuously alternates between two primary states. Recognizing which state you're in determines whether you should fade extremes or trade with the momentum.

Balance (Fair Value)

Price rotates within the Value Area, centered around POC. Both buyers and sellers are actively transacting. Market is in equilibrium—trade ranges, fade extremes at VAH/VAL.

Imbalance (Price Discovery)

Directional move away from previous fair value seeking new equilibrium. One side dominates, price moves quickly through LVNs. Trade breakouts, follow momentum.

Strategic Application

In balance, expect VAH/VAL to act as firm boundaries—fade the edges. In imbalance, expect breaks and holds beyond VA—trade with the move, not against it. Don't fade a freight train.

Balance State

Fair Value / Equilibrium

Price rotates within the Value Area in a range-bound pattern. POC remains relatively stable and centered. Both buyers and sellers are active and comfortable transacting.

- ✓ VA stable, POC sticky in one area
- ✓ HVNs cluster together indicating acceptance
- ✓ VAH/VAL act as firm boundaries → Fade edges

Imbalance State

Price Discovery / Trending

Price moves directionally away from previous fair value to establish new equilibrium. One side dominates, creating rapid movement through low volume areas.

- ✓ VA shifting in one direction, POC migrating
- ✓ LVNs forming as price moves quickly
- ✓ Breaks and holds beyond VA → Trade with move

Identifying State with Volume Profile

Recognize balance vs imbalance to choose appropriate fade or breakout tactics

Balance (Fair Value)

Rotating within value area

Balance State Clues

- **VA stable:** Value area remains in similar range
- **POC sticky:** Stays fixed, maximum acceptance unchanged
- **HVNs cluster:** Multiple nodes show repeated acceptance
- Price rotates between VAH/VAL boundaries

STRATEGY: Fade the edges → Short near VAH, Long near VAL, target POC.

Homework Assignment TASK 1

- [ ] Find a 2-3 hour period with a stable Value Area
- [ ] Verify POC stayed within 2-4 ticks (Sticky)
- [ ] Mark at least 2 rotations from VAH to VAL (or vice versa)
- [ ] Screenshot and label as "Balance Example"

Imbalance (Discovery)

Directional movement seeking value

Imbalance State Clues

- **VA shifting:** Consistently moves in one direction
- **POC migrating:** Travels with price ("staircase" effect)
- **LVNs forming:** Thin volume gaps during rapid moves
- Breaks and holds beyond previous VA boundaries

STRATEGY: Trade with move → Follow momentum, buy pullbacks to broken levels.

Homework Assignment TASK 2

- [ ] Find a trend where Value Area shifted 3+ times
- [ ] Identify "staircase" POC migration pattern
- [ ] Locate Low Volume Nodes (LVNs) left behind
- [ ] Screenshot and label as "Imbalance Example"

Key Principle: Strategy follows state. In balance, fade the extremes. In imbalance, don't fight the freight train—trade with directional momentum.

How Levels React in Balance vs Imbalance

Understanding market state determines whether to fade levels or trade with momentum

Volume profile levels behave differently depending on market state. Recognize the state to choose appropriate tactics.

Balance: VAH/VAL as Firm Walls

In balanced markets (fair value), VAH and VAL act as strong support and resistance. Price bounces off these boundaries repeatedly as the market rotates within value.

Strategy: Fade the edges, target the opposite boundary

Balance: POC as Range Center

Point of Control becomes the gravitational center of the range. Price oscillates between VAH and VAL, often returning to POC between swings.

Strategy: Trade the range, POC as target or pivot

Imbalance: Breaks Beyond VA

In price discovery (imbalance), price breaks and holds beyond Value Area boundaries. VAH/VAL may provide brief pauses but don't contain price.

Strategy: Trade with momentum, not against it

Imbalance: Pullbacks to Flipped Levels

After breaking VA boundaries, price may pull back to retest the broken VAH (now support) or VAL (now resistance) before continuing.

Strategy: Enter on pullback to flipped level in trend direction

Critical Principle: Strategy Follows State

Identify market state BEFORE placing trades. **Don't fade a freight train** – attempting to counter-trade strong imbalance is a recipe for getting run over. Respect directional momentum in price discovery mode.

Developing Volume: Read It in Real Time

Watch volume build live to confirm your trade thesis and adapt to shifting market conditions

Unlike past data analysis, developing volume shows you what's happening RIGHT NOW. Use it to confirm or challenge your setup based on prior levels.

Tool: Fixed Range VP with Extend Right

Apply FRVP to your current session (e.g., from 9:30 AM to current price for NY traders, or 6:00 PM to current for overnight traders) and enable "Extend Right" in settings. This creates a live-updating profile showing volume distribution as it builds.

What to Watch For:

POC Shifting Toward Price (Magnet Effect)

When the Point of Control migrates toward current price action, it signals building interest and acts as a magnet. Price often gravitates back toward the developing POC.

VA Expansion/Contraction (Participation)

Expanding Value Area = broader participation, potential range. Contracting VA = narrow participation, likely breakout building pressure.

New HVNs/LVNs Forming

Watch for new High Volume Nodes (potential support/resistance) and Low Volume Nodes (price gaps/acceleration zones) developing in real-time.

Use as Confirmation with Prior Levels

Developing volume doesn't replace prior day/week levels—it **confirms** them. If you're long from PD-VAL and see current session POC migrating upward toward your target, that's strong confirmation. If POC shifts against your bias, consider reducing size or tightening stops.

Real-Time Decision Example

Scenario: You're long from Previous Day VAL. Current session POC is climbing higher, VA expanding upward—confirming bullish participation.

Action: Hold position with confidence. Target structure or developing HVN above.

Conflict Warning

Scenario: You're short from Previous Day VAH, but current session POC is migrating upward aggressively with expanding VA above your entry.

Action: This conflicts with your short bias. Consider exiting, reducing size, or treating as a B-setup requiring more confirmation.

Key Principle

Let live data inform your risk. Developing volume adds context to your entries—use it to adjust sizing, stops, and targets dynamically rather than trading blind to current session dynamics.

Value Area Expansion & Contraction

Reading Symmetry and Asymmetry to determine Market State (Balance vs Trend)

Value Area Expansion

Context determines the strategy

SIDEWAYS / BALANCE — Symmetric Expansion

- **Both VAH & VAL** expand outward equally.
- **POC** remains sticky near the center.
- **Strategy:** Fade the edges (Mean Reversion).

TREND / IMBALANCE — Asymmetric Expansion

- **One-Sided:** Only VAH (Bullish) or VAL (Bearish) expands.
- **POC** begins to migrate in expansion direction.
- **Strategy:** Trade pullbacks (Continuation).

Value Area Contraction

Coiling before discovery

NEUTRAL COILING — Symmetric Contraction

- **Both VAH & VAL** move inward equally.
- **No directional bias;** market is undecided.
- **Strategy:** Wait for breakout confirmation.

DIRECTIONAL BIAS — Asymmetric Contraction

- **Bullish:** VAL tightens up (Rejecting Lows).
- **Bearish:** VAH tightens down (Rejecting Highs).
- **Strategy:** Position for break in bias direction.

HOMEWORK: FIND EXPANSION — TASK 1

- [ ] Locate a session where VA widened by 50%+
- [ ] Classify: **Symmetric** (Centered) or **Asymmetric** (Trend)
- [ ] Identify rejections (Balance) vs. staircase (Trend)
- [ ] Screenshot and label "Expansion - [Type]"

HOMEWORK: FIND CONTRACTION — TASK 2

- [ ] Find tight VA (narrower than avg daily range)
- [ ] Classify: **Symmetric** (Neutral) or **Asymmetric** (Bias)
- [ ] Did one boundary compress faster than the other?
- [ ] Screenshot and label "Contraction - [Type]"

Key Insight: Symmetry implies uncertainty/balance. **Asymmetry** reveals directional intent (rejection of one side).
Watch which boundary moves faster—it often points to the winning side before the breakout occurs.

When Developing Volume Conflicts with Prior Levels

Hierarchy guidance for managing trades when real-time volume data conflicts with your planned levels

Conflict Resolution Hierarchy

SCENARIO 1

Strong POC Migration Against Bias

Real-time developing volume shows POC shifting away from your planned entry level. Market participants are transacting elsewhere, creating new fair value away from your zone.

ACTION REQUIRED

Reduce size significantly or stand down. Don't fight live volume migration.

SCENARIO 2

Prior Level + Weak Confirmation

You're at a valid prior day/week level, but developing volume shows minimal participation, thin profile, or indecisive value area formation around the zone.

ACTION REQUIRED

Treat as B-setup. Wait for stronger confirmation before entry.

SCENARIO 3

No Alignment + Choppy Structure

Prior levels aren't being respected, current session volume is scattered with no clear POC formation, and value area is rapidly expanding/contracting without directional commitment.

ACTION REQUIRED

Skip entirely. Protect your capital and statistics.

Key Principle: Let Live Data Inform Your Risk

Static levels from prior sessions provide the initial framework, but developing volume in real-time is the market's current voice. When conflict arises, respect what's happening now. Reduce risk, increase confirmation requirements, or step aside. The market's job is to find fair value—your job is to trade when that process aligns with your levels, not force alignment when it doesn't exist.

Earning Your Intuition

Developing discretionary trading skills through systematic practice and experience-based pattern recognition

Intuition isn't magic—it's compressed pattern recognition earned through repetition. The path from mechanical rule-following to confident discretion requires deliberate practice.

The 200+ Trade Milestone

Don't skip setups based on "feel" until you've taken 200+ rule-based trades. First earn this through documented experience, then trust emerging intuition.

Practice in Micros/Sim

Use micro contracts or demo accounts to accumulate high-volume practice. Take 40-60 trades per day to rapidly build experience without financial stress.

Focus on Process, Not P&L

Emotional detachment comes through proper position sizing. Concentrate on executing your framework correctly; profits are the byproduct of proper process.

Repetition Builds Recognition

Pattern recognition develops through screen time at volume levels. You'll start "feeling" when setups are off before consciously knowing why—that's intuition forming.

The Progression Path

Rules → Confusion → Intuition

Key Principle

You earn discretion through repetition. Intuition IS the distilled rules.

Valid Reasons to Skip (After Experience)

Discipline to skip protects your equity curve—you earn the right to trust your gut after 200+ rule-based trades

Skip Signals

Valid reasons to pass on setups

Choppy Structure

Overlapping candles, no clear trend direction, price grinding back and forth without decisive moves

Low Volume Periods

Late session drift after 3:30 PM, lunch hour thinness, overnight dead zones where participation drops

'Too Perfect' Traps

Setup looks flawless but feels like bait, major news events pending, obvious institutional trap patterns

Not Feeling Sharp

Poor sleep, distracted mind, emotional state compromised, recent consecutive losses affecting confidence

Protective Mindset

Why skipping is a skill

- **Preservation > Action:** Not every level requires a trade. Your capital is safer sitting still than forcing trades in poor conditions.
- **Trust Your Experience:** After 200+ trades, you've seen these patterns. Your gut saying "this feels off" is pattern recognition at work.
- **Equity Curve Protection:** One skipped bad trade can prevent a string of revenge trades. Discipline to pass = long-term edge.
- **Mental Capital Matters:** Trading while unfocused leads to mistakes. Better to skip today and come back sharp tomorrow.

> *"The best traders are not those who trade the most. They're the ones who trade the **best setups** and skip everything else."*

Critical Distinction: Beginners must follow rules strictly (no discretion yet). After 200+ trades, you earn the right to skip based on feel. These aren't excuses—they're data-informed decisions from pattern recognition.

Homework: Find an A-Grade Setup

Apply your skills by locating a perfect A-Setup in the New York Session (9:30 AM - 4:00 PM ET)

Your mission is to find one high-probability trade from the past week that meets ALL criteria for an A-Grade setup. This builds the muscle memory needed to recognize excellence in real-time.

TASK 1

Define the Window

Locate a setup specifically within the New York session liquid hours. Focus on the high-volume windows where A-Grade setups are most likely to occur.

CRITERIA CHECKLIST

- ✓ Time: 9:30 AM - 4:00 PM ET
- ✓ Instrument: ES or NQ Futures
- ✓ Volume: Visible participation spike

TASK 2

Verify Context Alignment

Ensure the trade aligns with the dominant trend and key levels. An A-Grade setup never fights the current market flow or ignores major levels.

CRITERIA CHECKLIST

- ✓ Trend: 1m & 5m structure aligned
- ✓ Level: Interaction with PD-VAL/VAH/POC
- ✓ Flow: With the immediate momentum

TASK 3

Confirm the Trigger

Identify the specific entry trigger that confirmed the trade. Look for decisive price action that signaled the level was holding.

CRITERIA CHECKLIST

- ✓ Candle: Strong wick or engulfing
- ✓ Entry: Next candle open (aggressive)
- ✓ Reaction: Immediate follow-through

Action Item

Screenshot your best finding, annotate the Level, Trend, and Trigger, and save it to a "Golden Setups" folder. Reviewing these perfect examples daily trains your subconscious to spot them instantly.

Homework: Find a B-Grade Setup

Identify a valid trade during the Early Overnight session that required confirmation

B-Grade setups occur when one of your three factors is misaligned (usually Trend). Your task is to find a setup from the Early Overnight session (6:30 PM - 11:00 PM ET) where patience paid off.

Task 1: The Context

Find a session open (6:30 PM - 11:00 PM ET) where price approached a key level but trend was unclear.

- Time: 6:30 PM - 11:00 PM ET
- Volume: Lower liquidity conditions
- Level: PD-VAH/VAL or close structure

Task 2: The Conflict

Identify why this was B-Grade. Was the micro-trend fighting the level? Was structure messy?

- Factor 1 (Level): Clear & Present
- Factor 2 (Trend): Conflicting/Neutral
- Risk: Higher due to conflict

Task 3: The Confirmation

Pinpoint the specific trigger that made it tradable. Don't just guess—find the proof.

- Trigger: Impulse candle closing away
- Structure: Micro break of structure
- Entry: Taken AFTER confirmation

Learning Objective: Patience in Lower Liquidity

Why This Matters: The Early Overnight session often lacks the raw power of NY. You can't force trades. You must wait for the market to **prove** it wants to respect the level before you risk capital. This exercise builds the discipline to sit on your hands until the setup confirms itself.

Common Mistakes: Recognition

Identify and avoid these six critical errors that undermine trading performance and statistical edge

Recognizing these mistakes is the first step to eliminating them. Each represents a deviation from the disciplined, data-driven approach required for consistent profitability.

1. Fading Strong Imbalance Blindly

Trading against powerful directional moves without respecting auction state. Don't fade a freight train—recognize when the market is in price discovery mode.

2. Stops Directly On The Level

Placing stops on VAH/VAL/POC lines instead of beyond the zone with structure. Gets wicked on routine retests, converting winning setups into stopped-out losses.

3. Demanding Exact Touches

Insisting on precise level contact, missing 'near' reactions within 2-3 ticks. Levels are zones, not laser lines—this perfectionism causes missed A-Grade setups.

4. Ignoring Session Characteristics

Trading London, NY, and Asian sessions with identical approaches. Each session has unique volatility, volume, and behavior patterns requiring tailored strategies.

5. Oversizing On 'Perfect' Setups

Dramatically increasing position size when everything aligns. Markets often punish overconfidence—maintain consistent sizing within your predefined plan.

6. Treating B-Setups Like A-Setups

Entering B-Grade setups (trend against you) with the same aggression as A-Grade setups. B-setups require confirmation triggers and wider stops—respect the difference.

Key Insight

These mistakes share a common thread: violating the principles of context, confluence, and risk management. Recognition leads to correction—document when you catch yourself making these errors, then implement the corresponding fixes from the next slide.

Common Mistakes: Fixes

Practical solutions to avoid the most common volume profile trading errors

Common Mistakes

What to recognize

- **Fading strong imbalance blindly** — Trading against freight train momentum
- **Stops on the line** — Getting wicked out by level retests
- **Demanding exact touches** — Missing valid 'near' A-setups
- **Ignoring session characteristics** — Same approach for all time zones
- **Oversizing on 'perfect' setups** — Emotional position sizing
- **Treating B-setups like A-setups** — Wrong execution approach

The Fixes

What to implement

- **Identify state first** — Balance (fade edges) vs Imbalance (trade with momentum)
- **Use zone buffers + double-tap test** — Place stops beyond zone + structure
- **Accept 2-3 tick 'near' as valid** — Levels are zones, not laser lines
- **Use session playbooks** — London, NY, Asian have different behaviors
- **Predefine size by setup class** — A-setups (standard), B-setups (reduced)
- **Journal decisions to refine rules** — Track what works for your style

Implementation: Mistakes are inevitable in the learning process. The key is recognizing patterns in your errors and systematically applying these fixes. Review your journal weekly to identify which mistakes you repeat most often.

Progressive Learning Path

Structured progression from beginner to expert: build skills methodically, layer by layer

1 Beginner

FOCUS ON

- Daily VAH/VAL only
- Take A-Grade setups exclusively
- Default to structure targets

SKILLS BUILDING

- Learn to identify clear trends
- Practice rejection candle reading
- Master stop placement basics

2 Intermediate

ADD COMPLEXITY

- Add POC to your analysis
- Track previous day levels
- Add overnight profile levels

SKILLS BUILDING

- Introduce B-setups with confirmation
- Learn VP-level targeting
- Build mental database of patterns

3 Advanced

MULTI-LAYER ANALYSIS

- Current session developing volume
- Multi-timeframe VP alignment
- Weekly + Daily confluence

SKILLS BUILDING

- Watch POC shifting in real-time
- Identify balance vs imbalance states
- Stack multiple confluences

4 Expert

FULL INTEGRATION

- Full confluence analysis
- Discretionary context reading
- Session-specific strategies

MASTERY LEVEL

- Selective aggression on A+ setups
- Trust earned intuition
- Refined targets and risk management

Important: Progress at your own pace. Master each stage before advancing. Rushing through stages leads to confusion and losses. Each level builds essential skills for the next.

Final Recap: The Advanced Framework

Your complete decision-making framework for professional volume profile trading

Follow these seven steps on every trade to execute with clarity, confidence, and consistency.

1 **Classify Setup (A/B/C)**

Determine setup quality before entering. A-grade = aggressive, B-grade = wait for confirmation, C-grade = skip.

2 **Score Three Factors**

Evaluate level history (0-2), 1-min trend alignment (0-2), and rejection candles (0-2). Score 5-6 = A-grade, 3-4 = B-grade, ≤2 = C-grade.

3 **Treat Levels as Zones**

Accept 2-3 tick proximity as valid. Place stops beyond the zone plus structure to survive the double-tap test.

4 **Choose Targets via Hierarchy**

Default: nearest structure (80%). Secondary: VP levels (15%). Fallback: fixed RR 1.5-2R (5%).

5 **Stack Confluence; Follow Session Playbooks**

Seek multi-level alignment (weekly + daily), use session-specific strategies, and respect time-based behaviors.

6 **Respect Auction State; Confirm with Developing Volume**

Identify balance vs. imbalance. Watch POC shifts and VA changes in real-time to confirm or adjust bias.

7 **Practice → Journal → Earn Intuition**

Take 40-60 trades/day in sim. Track setup class, factor scores, session, state, and outcomes. Refine what works.

The Complete Process

This framework transforms volume profile from a simple indicator into a complete trading system. Each step builds on the last to create objective, repeatable decisions.

- **Objectivity:** Score-based classification removes emotion from entries
- **Risk Control:** Zone-based stops and hierarchy targets protect capital
- **Context:** Confluence stacking and auction states improve win rate
- **Mastery:** Repetition and journaling develop trading intuition

Trade the levels. Respect the volume.
Let experience guide your decisions.

Next Steps, Expectations, and Practice Plan

Your roadmap to implementing the advanced volume profile framework systematically and building consistent profitability

Implementation Workflow

1 Practice Volume

40-60 trades per day on micros or sim for 2-4 weeks. Rapid repetition builds pattern recognition faster than occasional trading.

→

2 Track Metrics

Log **setup class, factor score, session, auction state, outcome** for every trade. Data reveals your edge and weaknesses.

→

3 Refine Strategy

Keep what works, trim what doesn't. Review weekly. Your best setups will emerge from the data. Double down on them.

Realistic Performance Expectations

Win Rate: 50-65% is robust and sustainable. Don't chase 80%+ win rates—they often come with poor risk-reward.

- **Risk-Reward Targets:** 1.3R to 2.0R per trade using structure and VP targets
- **Expectancy:** With 55% win rate @ 1.5R average = +0.325R per trade (profitable)
- **Drawdowns:** Expect 3-5 loss streaks even with solid edge. Stay disciplined.

Your Learning Resources

Complete educational toolkit to support your volume profile trading journey:

- **This Advanced Deck:** Reference for setup classification, three-factor analysis, confluence
- **Episodes 1-3:** Foundational concepts, technical setup, basic strategies revisited
- **Annotated Chart Library:** Build your own collection of A/B/C setups with notes
- **Community/Discord:** Connect with traders using the same framework

Remember: Progress Over Perfection

You don't need to master everything at once. Start with daily VAH/VAL A-setups and default structure targets. Add complexity gradually as your experience grows. The goal is consistent execution of high-probability setups, not hunting for the "perfect" trade. Trust the process, respect the volume, and let screen time build your edge.

"The Lord is my light and my salvation—whom shall I fear?"

Psalm 27:1

Strive for Progress, Not Perfection

Every trade is a learning opportunity. Every loss is a lesson. Every win is confirmation of your growing skill.

Your Volume Profile Journey

Trade the levels. Respect the volume. Let experience guide your decisions. The market rewards patience, discipline, and consistent execution. You now have the framework—practice will build the intuition. Remember: 40-60 trades per day builds mastery faster than months of hesitation. Start small, stay consistent, and trust the process.

Volume Profile Mastery · Faith-Based Trading · Consistent Growth